

Message Text

LIMITED OFFICIAL USE

PAGE 01 CAIRO 00570 111723Z
ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03
NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 EB-07
COME-00 OMB-01 TRSE-00 /064 W
-----111856Z 007213 /44

R 111445Z JAN 77
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 497
INFO AMEMBASSY ABU DHABI
AMEMBASSY ROME

LIMITED OFFICIAL USE CAIRO 0570

E.O. 11652: N/A
TAGS: BEXP, EAIR, PFOR, US, TC
SUBJECT: INDICTMENTS EXPECTED IN 1972 BOEING AIRCRAFT SALE

REFS: (A) 76 CAIRO 2532, (B) 76 CAIRO 2149

1. CAIRO DAILIES AL AKHBAR AND GUMHUIRUYA GAVE FRONT-PAGE COVERAGE JANUARY 10 AND 11 TO ADVANCE REPORTS OF SOCIALIST PROSECUTOR GENERAL'S INVESTIGATION OF 1972 SALE OF BOEING 707'S TO EGYPT. INITIAL REPORTS OF SUSPECTED WRONG-DOING SURFACED IN PEOPLES ASSEMBLY APPROXIMATELY ONE YEAR AGO (SEE REFTELS), BUT NOTHING FURTHER HAS BEEN HEARD SINCE PROSECUTOR GENERAL ACTIVELY BEGAN HIS INVESTIGATION. CURRENT REPORTS APPEAR BASED ON UNAUTHORIZED LEAKS OF HIS OFFICE'S FINDINGS AS INVESTIGATION NEARS COMPLETION.

2. ACCORDING PRESS REPORTS, FORMER DEPUTY PRIME MINISTER AND MINISTER OF ECONOMY AND TRADE MUHAMMAD ABDULLA MARZAPAN AND MINISTER OF CIVILIAN AVIATION AHMED NUH ARE TO BE ACCUSED FORMALLY OF AGREEING TO BOING 707 SALE AND LOAN ON CONDITIONS WHICH WERE AND CONTINUE TO BE DETRI-
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 CAIRO 00570 111723Z

MENTAL TO EGYPT'S NATIONAL INTEREST. ACCORDING TO LEAKED REPORTS, CONDITIONS OF LOAN CONTRACT CAUSED EGYPTAIR TO LOSE ONE MILLION EGYPTIAN POUNDS IN FIRST YEAR OF PLANES' OPERATION. PROSECUTOR GENERAL'S REPORT FURTHER CHARGES THAT ALTHOUGH LOAN OFFERS OF FIVE PERCENT INTEREST WITH LONG GRACE PERIOD WERE AVAILABLE, AGREEMENT ON FIXED EIGHT PERCENT INTEREST RATE AND OTHER QUESTIONABLE

TERMS WAS MADE BY FORMER MINISTERS AGAINST ADVICE OF COMMITTEE WHICH WAS ESTABLISHED SPECIFICALLY TO STUDY LOAN TERMS. DEPUTY PRIME MINISTER MARZAPAN REPORTEDLY FALSIFIED COMMITTEE'S REPORT TO SHOW THAT IT HAD ENDORSED LOAN.

3. ONLY ONE MENTION MADE IN PRESS REPORTS WE HAVE SEEN OF POSSIBLE INCLUSION OF BOING ITSELF IN SOCIALIST PROSECUTOR'S CASE. THIS INVOLVES BOEING PAYMENT TO MUHAMMAD HILMY SHAMS, IDENTIFIED AS FORMER AIDE TO MINCIVAIR, WHO REPORTEDLY RECEIVED \$150,000 AS RESULT BOEING'S SECURING DEAL. SHAMS, AGAIN ACCORDING TO LEAKED REPORTS, CLAIMS HE WAS ACTING LEGITIMATELY AS BOEING AGENT AT THE TIME.

4. PRESS RELATES THAT PROSECUTOR'S OFFICE NOW STUDYING TO WHICH AUTHORITY CASE OF FORMER MINISTERS SHOULD BE REFERRED. ACCORDING REPORTS, THEY WILL BE REFERRED EITHER TO STATE SECURITY COURT PRESUMABLY ON CHARGES OF TREASON, OR TO PEOPLES ASSEMBLY, AS CALLED FOR UNDER ARTICLE 159 OF EGYPTIAN CONSTITUTION.

5. COMMENT. SCANDAL INVOLVING SALE OF BOEING 707 AIRCRAFT HAS BEEN RUMORED FOR ALMOST A YEAR. SOCIALIST PROSECUTOR HAS NOW APPARENTLY UNCOVERED EVIDENCE OF QUESTIONABLE DECISIONS, AND POSSIBLY EVEN WRONG DOING, OF FORMER MINISTERS. BOTH MARZAPAN AND NUH APPEAR TO HAVE GENERAL REPUTATION FOR BEING SLIGHTLY CROOKED; ACCUSATIONS BY SOCIALIST PROSECUTOR THEREFORE ARE NOT GREAT REVELATIONS. SINCE THEIR ACTIVITIES TOOK PLACE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 CAIRO 00570 111723Z

UNDER FORMER HEGAZI GOVERNMENT, CASE PROMISES TO BE RELATIVELY "SAFE" SCANDAL IN WHICH PRESS-HUNGRY EGYPTIANS WILL NO DOUBT TAKE GREAT INTEREST. AS MENTIONED, BRIEF PUBLICITY TO DATE DOES NOT QUESTION BOEING WITH REGARD TO SALE BUT WE CANNOT EXCLUDE POSSIBILITY THAT, AS CASE DEVELOPS FURTHER, ADVERSE INFORMATION ON ALLEGED BOEING ACTIVITIES WILL ALSO BE DEVELOPED. MATTHEWS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COMMERCIAL AIRCRAFT, CORRUPTION, AIRCRAFT SALES, INVESTIGATIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 11-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977CAIRO00570
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770010-0861
Format: TEL
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770164/aaaacdyg.tel
Line Count: 105
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 08202fdb-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 CAIRO 2532, 76 CAIRO 2149
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 21-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3628187
Secure: OPEN
Status: NATIVE
Subject: INDICTMENTS EXPECTED IN 1972 BOEING AIRCRAFT SALE
TAGS: BEXP, EAIR, PFOR, US, TC, BOEING, EGYPTAIR
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/08202fdb-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009